

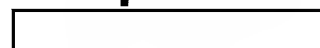
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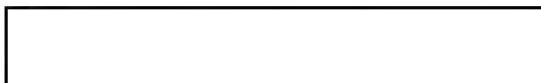
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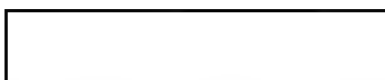
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LEBANON

A wave of cease-fire violations over the last several days by Muslim deserters from the Lebanese army has heightened tensions throughout the country. Although Syrian-controlled Palestinian troops have been able to contain most of the trouble caused by the deserters, Lebanese leaders are divided over how to deal with the problem.

The worst incident occurred late last week when a robbery committed by a small group of the deserters was mistakenly blamed on Christians from the small village of Qubaiyat in northern Lebanon. Muslim militiamen, reportedly aided by a few fedayeen commandos, attacked the village and surrounding Christian areas.

The incident has caused Christian communities in Beirut to set up blockades and apparently prompted Christian army troops based in Juniyah—many of whom live in Qubaiyat—to threaten a mutiny over the weekend. Although the situation in the north was relatively quiet yesterday, Palestinian forces and Lebanese army troops have had to surround Qubaiyat to separate Christian and Muslim militiamen.

The largest band of Muslim deserters, headed by Lieutenant Khatib, reportedly took over several abandoned military facilities yesterday, according to press reports. Although Khatib's group has until now generally adhered to the cease-fire, his ability to roam freely throughout the eastern portion of the country has undermined Christian confidence in the truce and has embittered both Christian and Muslim military officers, many of whom oppose the government's offer of a general amnesty to all deserters.

The Lebanese cabinet met yesterday to discuss Khatib's seizure of the army facilities; however, it is unlikely to come up with any immediate solution. Khatib's espousal of political demands favoring Muslim leftists has won him firm support from Kamal Jumblatt and other influential leftist leaders and a growing popular following among disadvantaged Muslims.

Khatib reportedly has refused amnesty and has turned down a recent Syrian offer of political asylum. The Syrians apparently now favor trying to induce Khatib and presumably other renegade officers to join fedayeen commando groups. Damascus appears confident that it can contain the disturbances caused by the deserters, and at this point seems anxious to avoid interfering too directly in the controversy.

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ITALY

The decisions made by the Italian Socialist Party at its national congress will present the Christian Democrats with difficult political choices at their congress next week and may also increase the pressures for an early parliamentary election.

The Socialists closed their congress on Sunday with a unanimously approved resolution stressing the party's long-range goal of creating a leftist coalition, including the Communists, to replace the Christian Democrats as the country's dominant political force. For the nearer term, the Socialists said they would be available for continued governmental collaboration with the Christian Democrats, but not before the next parliamentary election, now set for May 1977.

In references to the leftist alternative, Socialist leader De Martino emphasized, as he has in the past, that such a government would not be feasible until the Socialists have increased their strength with respect to the Communists and until the latter have put more distance between themselves and Moscow.

The stress that the final congress documents put on the leftist alternative reflects the strong anti - Christian Democratic sentiment that emerged during the congress debate. De Martino was not very tough on the Christian Democrats during his opening address, but subsequent speakers attacked them vigorously.

De Martino was also bowing to the strong feeling against the Christian Democrats in excluding a return to government by his party before the next election. The decision reflects as well the Socialists' desire to go into the election on an equal footing with the Communists. The Socialists blame their long association with the Christian Democrats for the fact that the Communists benefited most from the shift to the left that occurred in nationwide local elections last summer.

The Socialists softened somewhat their long-standing demand for closer relations between a future Christian Democratic - Socialist government and the Communist opposition. The Socialists now say merely that they will not join any government "prejudicially closed to or conceived as an antithesis to" the Communists, rather than calling for a formalized relationship between the government and the Communists.

While the Socialists' new formulation offers more room for compromise with the Christian Democrats, its effect will be diminished by the tendency at the Socialist congress to portray a future coalition with the Christian Democrats as a mere stepping stone to an eventual leftist coalition.

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The Socialists have compounded the Christian Democrats' troubles by ruling out another coalition with them before the next election. The Socialist decision means that the Christian Democrats will go into the next election bearing the major responsibility for the government and subject to criticism from all sides. That prospect is likely to lead many Christian Democrats to argue at their congress next week that the party would fare better in an election held this summer or next fall than in one held after more than a year with the party at the head of another weak and ineffective government.

DENMARK

The first of 120 Leopard IA-3 tanks was delivered in Munich to a Danish army representative on February 24. Denmark is the sixth NATO nation to receive this tank, in line with efforts to standardize NATO weaponry.

The Danes ordered the tanks in June 1974 at a cost of over \$87 million, their largest arms purchase ever, with deliveries of four a month until the order is completed in August 1978. West Germany agreed to make offset purchases of military and civilian goods in Denmark over a 10-year period amounting to over \$109 million, or about 25 percent more than the cost of the tanks.

Armed with 105-mm. guns, the Leopards will replace the obsolescent British Centurion tanks, which will be assigned to local defense battalions. The new tanks will be assigned to three brigades in Jutland, where they will come under NATO's northern-flank command. Denmark also has an option to purchase 80 Leopard Is, for assignment eventually to the two brigades near Copenhagen.

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FRANCE

The first round of the French cantonal elections Sunday yielded mixed results, but confirmed a drift toward the left. The Socialists continued to gain, often at the expense of their Communist allies; on the right, the Independent Republicans advanced while the Gaullists lost ground.

The left received 56 percent of the vote, compared with 43 percent for the governing majority, but gerrymandering gave the right a lead of 562 to 327 in seats won outright in the first round. Run-offs will be held next Sunday in the remaining 974 districts.

Socialist Party chief Mitterrand's decision to contest cantonal seats held by his Communist allies prevented the Communists from benefiting from Socialist strength. The Socialists won 155 seats in the first round, the most of any party.

The Communists' increase of several points in opinion polls after their congress in early February was not reflected in the voting.

The Independent Republicans were second, with about 130 seats—but with only one third of the Socialists' total vote. The Independent Republicans gained partially at the expense of the Gaullists, who took 101 seats.

Prime Minister Chirac seems no longer to have the time to devote to Gaullist party affairs, and the nominal party leader cannot fill Chirac's shoes. The Independent Republicans have also stolen votes from the Gaullists by identifying themselves as the more progressive member of the governing coalition.

The left will try to exploit the cantonal results to build momentum for the more important municipal races next year and the legislative elections in 1978, although cantonal voting results cannot be directly translated into projections for the other races.

Municipal and legislative districts have different boundaries for the legislative elections. Local interests and political or personal relationships affect local voting more than they do legislative balloting.

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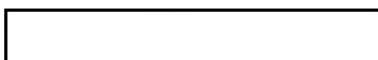


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BURMA

The sacking of General Tin Oo as defense minister and armed forces chief of staff represents a political victory for his chief rival, Burma Socialist Program Party Secretary San Yu. The two are leading contenders to succeed President Ne Win. Rangoon announced tersely on March 6 that Tin Oo had been "permitted to resign."

Tin Oo is almost alone among Burma's shadowy leaders in having attained a degree of popularity. He is respected in the armed forces and is well regarded by the public as a man of moderation and reason. President Ne Win may have begun to see Tin Oo as a threat, and San Yu may have had a hand in playing on Ne Win's concerns.



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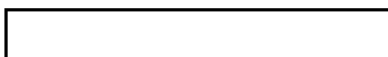
JAPAN

Proposed increases in Japanese defense spending in fiscal year 1976 (April 1, 1976 - March 31, 1977) will barely keep pace with inflation. The total amount requested for defense was approximately \$5 billion—an increase of about 14 percent over last year's expenditures. The proposed allocation is little more than 6 percent of the national budget and not quite 1 percent of the estimated GNP.

The budget draft, which is expected to pass both houses of the Diet substantially unchanged, would increase the cost of the Fourth Defense Buildup Plan (April 1972 - March 1977) to \$19 billion; the original projection was \$15 billion. Despite the cost overruns, major equipment procurements will fall far short of the plan's modest targets.

Inflation and recession, as well as budget cuts imposed by the cabinet, have forced the Defense Agency to abandon original procurement goals. According to Defense Agency estimates, the funds needed for personnel have grown by over \$4 billion and equipment costs have increased by some \$2 billion during the course of the plan. More than 56 percent of the proposed budget is slated for personnel and food expenses; less than 20 percent will go for capital expenditures; and only 1 percent will be used for research and development.

The 1 percent GNP ceiling on defense expenditures has since the early 1960s been a basic principle of Japan's ruling Liberal Democratic Party and is in keeping with popular pacifist tendencies. Substantial increases in future defense budgets as a percent of GNP are improbable. Those increases that do occur will most likely be offset by additional personnel and equipment costs, as well as the added expense of purchasing domestic rather than less expensive foreign-made equipment. These factors will adversely influence efforts to improve and modernize Japan's defense forces.



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NORTH VIETNAM

A recent article in the North Vietnamese Communist Party newspaper, *Nhan Dan*, provoked angry reaction from several Southeast Asian non-communist governments.

Much of the article of February 28 contains standard denunciations of the US and the American ties of some Southeast Asian governments. For example, the US presence in Thailand and bases in the Philippines are criticized. The article also takes Indonesia to task for its alleged willingness to serve as Washington's tool in the area. These have been long-standing Vietnamese communist themes, and their frequent repetition suggests that state-to-state relations between Vietnam and the offending nations will not improve significantly as long as they maintain security ties with the US.

The *Nhan Dan* article also claims that "the struggle of the Southeast Asian peoples" now enjoys the brightest prospects for success within the last century. Revolutionaries in the region are urged to intensify their struggle and are assured of the support of the Vietnamese people. This triggered the angry reactions from non-communist states.

Singapore's foreign minister said that, while Indochina can choose to be communist, other nations have a right to be non-communist. He warned Vietnam not to interfere with these rights. The Indonesian foreign minister said that Hanoi's call for increased insurgent activity amounted to dangerous agitation. He emphasized that no counteraction was required, but the Vietnamese should "please leave us alone."

Hanoi's rhetoric encouraging Southeast Asian revolutionaries is nothing new, particularly since the communist victory in South Vietnam. The *Nhan Dan* article promised neither direct Vietnamese assistance nor governmental support to insurgents. Nonetheless, the article received wide non-communist press coverage. Some press interpretations suggested that it marked a change toward greater militancy in Hanoi's policy. The article followed closely the virulent Vietnamese condemnation of the recent Association of Southeast Nations summit conference. In these circumstances, many officials of ASEAN member-states doubtless were angered and felt pressures to react strongly.

Despite this, these officials recognize that they must deal with the Vietnamese over the long term. Most hope eventually to develop better relations with Hanoi, and there is evidence that at least Singapore was embarrassed by the wide press play given its foreign minister's comments.

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BOLIVIA

President Banzer is likely to profit from government allegations of a widespread subversive plot.

For the past several weeks, Banzer has been jailing or exiling his opponents in response to a resurgence of anti-government strikes and demonstrations by students and miners. Banzer has repeatedly charged that foreign groups and leftist Bolivian exiles are conspiring against him.

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COLOMBIA

The labor unrest that has kept Colombia in turmoil for the past several weeks is abating somewhat, but student disorders continue to cause serious concern.

Last week, military forces briefly occupied the universities in Bogota and Medellin, the country's second largest city, following clashes between police and demonstrating students. The disorders in Medellin were the most serious in recent years; one student reportedly was killed and several were injured.

The military's involvement suggests that the armed forces may be overcoming their traditional reluctance to play a police role. In addition, government and military leaders may recognize that the police are incapable of maintaining public order, particularly in Medellin.

Student unrest is taking place against a backdrop of increased political activity as campaigning for the midterm election on April 18 begins in earnest. Although only seats for departmental (state) assemblies and city councils are at stake, the election is widely viewed as an important indicator for the 1978 presidential contest.

The campaign has been characterized by widespread public apathy, evidently because of concern over unemployment, the security situation, and the high cost of living. Voter registration is minimal, compared with four years ago—a development that would tend to favor leftist candidates, particularly in the cities.

An upsurge of Colombia's long-lived insurgency is likely as extremists attempt to exploit the situation. The 19th of April Movement, an urban guerrilla group that was responsible for the kidnaping nearly a month ago of labor leader Jose Mercado, for example, may well attempt other spectacular acts to disrupt the electoral process and embarrass the government. Other insurgent groups may follow suit.

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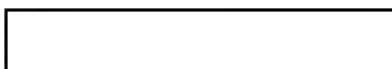
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COLOMBIA

Colombian defense officials reportedly are considering a Soviet offer to provide the Colombian navy with missile-equipped patrol boats. Expanded-range patrol craft would improve the Colombian coastal patrol and defense posture, bridging the current gap between the larger ships and the relatively small river patrol boats.

The Colombian Ministry of Defense has placed a high priority on getting fast, ocean-going patrol vessels for the navy, to be used against highly organized contraband and drug smuggling activities concentrated off the Caribbean coast. Colombian naval officers recently returned from a trip to France, West Germany, Israel, and the US, with a purchase decision expected within two to three months.

The Soviets reportedly have offered Colombia up to 12 vessels and favorable credit terms, with delivery in six months to a year. The offer might be accepted even though current defense planning supposedly calls for buying US military equipment. Colombia has highly favorable coffee credits with the Soviet Union and bloc countries, and from a foreign exchange viewpoint, the proposal appears "almost too good to refuse."



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FOR THE RECORD

SPAIN: Some 300,000 workers reportedly responded yesterday to the call for a general strike in Spain's heavily industrialized Basque provinces. The strike, called by leftists and Basque separatists to protest the killing of several workers by police during demonstrations last week, led to some additional violence. Another worker was killed. The strike will probably continue today, and more violence is likely.

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WEST GERMANY: Bonn expects to exchange military attaches with Moscow on April 1 and plans to conclude exchanges with Peking, Bucharest, Budapest, and Damascus. Although funds for the operation of attache offices in Moscow were approved last year, implementation has been delayed by disagreements concerning the location of the West Germans' offices in Moscow and travel restrictions on Soviets in West Germany. According to West German Defense Ministry officials, agreements were concluded in December with Romania and Syria.

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